

RICHARD L. KRZYZANOWSKI; DEPARTURE FROM CROWN, CORK & SEAL

HON. ROBERT A. BORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1999

Mr. BORSKI. Mr. Speaker, I rise in honor of my dear friend Mr. Richard L. Krzyzanowski, as he retires from his position at Crown, Cork & Seal, where he has served many years with dedication and distinction.

Mr. Krzyzanowski has a long and respectable history of service to the Polish American Community. He was born in Warsaw, and was later naturalized as an American Citizen. He also received education in the countries of France and Italy. Mr. Krzyzanowski graduated from the University of Pennsylvania Law School. Through hard work and loyal and faithful service at Crown, Cork & Seal, he worked his way up to General Counsel, Member of the Board of Directors and Serrate of the Corporation.

Mr. Krzyzanowski was the founder of the Friends of Pope John Paul II Foundation, which devotes its efforts to strengthening the Catholic faith in Eastern Europe in what were formerly known as the Iron Curtain Countries. Through his diligent efforts, chapters have been founded in Philadelphia, West Palm Beach, Houston, New Orleans, Los Angeles, Honolulu, Jakarta and Singapore.

Mr. Krzyzanowski works closely with many charitable foundations, including the Connelly Foundation, established by the late president of Crown, Cork & Seal, John Connelly, for whom his admiration continues unabated. He is a loyal citizen and friend to Crown, Cork & Seal, and America.

Through his service at "Crown," Mr. Krzyzanowski displayed the type of commitment and insight necessary for success, and he will be missed and remembered when he departs the corporation. Richard L. Krzyzanowski exhibits the qualities of a great American citizen, and it is the embodiment of those qualities which serves to make the United States the great country it is today. I thank him for his service and wish him the best of luck in the coming years.

TRIBUTE TO JACK MAHON

HON. JAMES E. ROGAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1999

Mr. ROGAN. Mr. Speaker, today, on behalf of the 27th Congressional District; the City of Los Angeles; and the County of Los Angeles, I wish to acknowledge the 70th birthday of a true American, our dear friend, Mr. Jack Mahon.

Born John Francis Mahon, Jr., on December 16, 1929, Jack is the son of Irish immigrants who came to my district in the early part of this century. Jack's parents: John Francis Mahon Sr. from County Offaly; and Katherine Fullerton from County Donegal, came to America and settled in the City of Pasadena where Jack attended St. Andrews Elementary School. Later, Jack attended Loyola High School in Los Angeles.

Jack served our great nation in military service, joining the Army in the 1950's, completing a tour of duty in Korea during the war.

In 1955, Jack married Eileen McGoldrick, also the daughter of Irish Immigrants residing in my district. Shortly thereafter, Jack was accepted to the Los Angeles Police Academy, and embarked on a law enforcement career which would eventually span 30 years.

Jack worked every division within the L.A.P.D., including the prestigious Metro Division, where he rose to the rank of Lieutenant. Before retiring from the police department with 20 years of professional community service, Jack worked as special assistant to Deputy-Chief Daryl Gates. Jack retired to assume the elected duties as Marshall of Los Angeles County, where he diligently served the community for another 10 years.

Jack Mahon's professional reputation is matched by his devotion to politics and sports, as he has been a life long member of the Republican Party, and consistently shoots a round of golf in the 70's.

In 1981, Jack married Betty Allyn. Since his retirement in 1985, Jack and Betty have shared themselves between loving friends, children, and grandchildren, while remaining active in their community.

Descendant from his humble Irish roots, Jack Mahon has lived life committing himself to bettering his family and his community. Surely, we are all better off having known Jack.

On this day we not only say, Happy Birthday, but we thank Jack: for his selfless service to God and country, to family and community.

Happy Birthday, Jack, and may God bless you.

INTRODUCTION OF DERIVATIVES MARKET REFORM ACT

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 18, 1999

Mr. MARKEY. Mr. Speaker, today I am joining with the Senator from North Dakota (Mr. DORGAN) in introducing the Derivatives Market Reform Act.

In recent years, over-the-counter (OTC) derivative financial products have become an important component of modern financial markets. They provide useful risk management tools for corporations, financial institutions, and governments around the world seeking to respond to fluctuations in interest rates, foreign currency exchange rates, commodity prices, and movements in stock or other financial markets. While OTC derivatives are frequently used to hedge risks or to lower borrowing costs, they can also be used by dealers or end-users to make risky and highly speculative synthetic bets on the direction of global financial markets. The potential for such derivatives to contribute to excessive speculation or leveraging has raised concerns over the potential for OTC derivatives to increase, rather than reduce the risk of catastrophic financial loss or contribute to a future financial panic or meltdown in global financial markets.

In addition, the concentration of market-making functions in a small number of large banks and securities firms, the close financial inter-linkages OTC derivatives have created

between each of these firms, and the sheer complexity of the products being traded raise serious concerns about the potential for derivatives to contribute to serious disruptions in the fabric of our financial system. The potential for the failure of a key market participant to trigger a meltdown—or the specter of a potential disruption in the financial markets due to highly leveraged and complex investment strategies—was illustrated by last years' near collapse of the hedge fund known as Long-Term Capital Management (LTCM).

The LTCM affair has underscored the need for regulators to minimize the potential for OTC derivatives to contribute to a major disruption in the financial markets, either through excessive speculation and over-leveraging, or due to inadequate internal controls and risk management on the part of major derivatives dealers or end-users. Today, Senator DORGAN and I are introducing legislation in both the House and the Senate which would provide for certain targeted derivatives market and hedge fund reforms in the aftermath of the LTCM affair. Here's what our bill would do:

First, the bill would define "derivative" to include any financial contract or other instrument that derives its value from the value or performance of any security, currency exchange rate, or interest rate (or group of index thereof). With respect to instruments based on currency exchange rates, we would exclude the most common type of derivative instrument—forward rate contracts—but would include foreign currency swaps that have a duration greater than 270 days. Securities traded on an exchange or on the NASDAQ, futures or options on futures, and bank or savings institutions deposits also would be excluded.

Second, the definition of "security" in section 3(a)(10) of the Securities Exchange Act of 1934 ("Exchange Act") would be amended to include derivatives based on the value of any security. While options on securities already are included within this definition, the amendment would bring equity swaps explicitly under the definition of "security" and subject transactions in equity swaps to regulation under the Exchange Act.

Third, persons defined as "derivatives dealers" would become subject to Securities and Exchange Commission ("Commission") regulation. Derivatives dealers that are not (1) registered broker-dealers or (2) material associated persons of registered broker-dealers that have filed notice with the Commission, would be required to register with the Commission and would be subject to Commission rulemaking and enforcement authority. Commission rulemaking would focus on financial responsibility and related recordkeeping and reporting requirements, as well as on the prevention of fraud. Such dealers also would be required to become members of an existing registered securities association, or any registered securities association that may be established for derivatives dealers. Rules adopted by a registered securities association would focus on the prevention of sales practice abuses and the establishment of internal controls.

Derivatives dealers that are material associated persons of registered broker-dealers would be required, as a general matter, to file a form of notice with the Commission. Alternatively, such dealers would be permitted to register as a derivatives dealer. Dealers that file notice would be regulated indirectly